

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



**CORRECTED
FISCAL NOTE**

HB 1665 - SB 1790

February 8, 2014

SUMMARY OF BILL: Extends, from FY13-14 to FY17-18, the allocation of certain funds received by the state from the Tennessee Valley Authority (TVA) in lieu of taxes to the Four Lake Regional Industrial Development Authority (FLDA).

ESTIMATED FISCAL IMPACT:

On February 1, 2014, a fiscal note was issued estimating a fiscal impact as follows:

Decrease State Revenue –

\$847,900/General Fund/Each Year FY14-15 through FY17-18

Increase Local Revenue –

*\$847,900/Four Lake Regional Industrial Development Authority/
Each Year FY14-15 through FY17-18*

Due to an incorrect assumption, this impact was in error. Based on additional information received from the Department of Finance and Administration, the estimated fiscal impact is:

(CORRECTED)

Other Fiscal Impact – The proposed legislation continues transfer of TVA in lieu of taxes received by the state to the Four Lake Regional Industrial Development Authority through FY17-18. According to the Department of Revenue, the three-year average annual amount of funds transferred is \$847,900. According to the Department of Finance and Administration, the FY14-15 Budget Document assumes the FLDA will continue to receive the transfer from TVA in lieu of taxes payments.

Corrected Assumptions:

- Pursuant to Tenn. Code Ann. § 67-9-101(a)(3), local governing areas that are experiencing TVA construction activity on facilities to produce electric power are allocated three percent of any increase in the payments received from TVA in lieu of taxes above the payments received in FY77-78. Pursuant to Tenn. Code Ann. § 67-9-

HB 1665 - SB 1790 (CORRECTED)

101(a)(1) and (2), 48.5 percent of payments received by TVA is allocated to the state and 48.5 percent is distributed to counties and municipalities.

- Pursuant to Tenn. Code Ann. § 67-9-102(b)(3)(D), any remaining funds under Tenn. Code Ann. § 67-9-101(a)(3), not allocated to counties and municipalities, University of Tennessee, or the Tennessee Advisory Commission on Intergovernmental Relations, will be allocated to the FLDA, provided that if in any fiscal year from FY08-09 through FY13-14 such funds are less than ten percent of the total funds under Tenn. Code Ann. § 67-9-101(a)(3), the FLDA will receive from the funds paid to or retained by the state under Tenn. Code Ann. § 67-9-101(a)(1), an amount sufficient to raise the payment to the FLDA to an amount equal to ten percent of the total funds under Tenn. Code Ann. § 67-9-101(a)(3).
- According to the Department of Revenue, the three-year average annual amount of such funds paid by the state to the FLDA is \$847,870.
- The proposed legislation would continue the transfer of TVA in lieu of taxes received by the state to the FLDA through FY17-18. According to the Department of Finance and Administration, the FY14-15 budget assumes the FLDA, and not the state, will continue to receive the transfer from TVA in lieu of taxes payments.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Lucian D. Geise, Executive Director

/bos